

ONS Consultation Response

Balanced estimates of regional GVA

September 2017

1. What do you use regional GVA statistics for?

The GLA strongly welcomes the new balanced estimates for GVA. Regional GVA statistics are a vital component of GLA Economics' planning and forecasting work. At their most basic level, regional GVA statistics provides us with a more complete understanding of London's economy (see, for example, our publication summarising regional GVA trends in London: Regional, sub-regional and local gross value added estimates for London, 1997-2013, <https://www.london.gov.uk/business-and-economy-publications/regional-sub-regional-and-local-gva-estimates-london-1997-2015>), which is then used to feed into the formation of a number of GLA policies.

GLA Economics also uses regional GVA statistics to provide our own estimates for quarterly growth in London's economy (see: Modelling real quarterly GVA data for London, https://www.london.gov.uk/sites/default/files/current_issues_note_50.pdf) and to feed into our economic forecast model (for further details see: London's Economic Outlook Spring 2017, <https://www.london.gov.uk/sites/default/files/leo-spring-2017-final.pdf>) which provides our medium-term planning projections. This forecast is used extensively in planning decisions made by the Mayor and wider GLA Group, including Transport for London.

Additionally, the historic regional GVA data also feeds as an input into a number of other outputs from GLA Economics (see, for example, the latest long-run employment projections for London where regional GVA fed into their production: London labour market projections 2017, <https://www.london.gov.uk/what-we-do/business-and-economy/london-labour-market-projections-2017>).

2. Are there any things you'd like to be able to do but cannot at present with the statistics we produce?

The GLA requires quarterly estimates of regional GVA. At present, we produce these estimates ourselves (London's Economic Outlook Spring 2017, <https://www.london.gov.uk/sites/default/files/leo-spring-2017-final.pdf>, and Modelling real quarterly GVA data for London, https://www.london.gov.uk/sites/default/files/current_issues_note_50.pdf), but would strongly favour using ONS estimates if these were produced in the future. The GLA would also like more timely estimates of regional GVA. While we welcome the estimates of GVA at local authority level, we would also encourage the ONS to continue its work on calculating GVA at a lower level geography.

3. Do you think having a single balanced estimate of regional GVA is a good idea?

Yes

Please explain the reasons behind your answer.

GLA publications currently include both ONS GVA estimates in order to provide users with the most complete picture of London's economy. However, the presence of two measures can be confusing for users, who are uncertain of which measure to use. A single balanced measure of regional GVA will reduce confusion and provide users with a clear basis for selecting one measure over the others.

4. Are you satisfied that the method we are using for producing balanced estimates is sound?

Yes

Please tell us about any concerns or doubts you have over the method.

While the GLA is broadly satisfied with the method used, we would like to reiterate our calls to the ONS to improve the accuracy of their regional apportionment of financial services, which is of particular significance to London. We are aware that this is something that the ONS is working towards and we look forward to seeing the results.

5. Are you satisfied that the balanced test results appear to reflect economic reality in your region(s) of interest?

Yes

Please tell us about any concerns or doubts you have over the test results.

Again, the GLA is concerned that the measurement of the financial services industry is less accurate than for other sectors and welcome the fact that the ONS is continuing to improve the regional apportionment of GVA in this sector. The GLA would also like to express its desire for the ONS to continue its work on estimates of Real estate output as we currently believe the current estimate may be producing a distorted picture of this sector.

6. Does our plan for the presentation of balanced regional GVA statistics meet your needs as a user of the data?

Yes

If not, what else would you like us to publish to better meet those needs?

N/A

7. Assuming we go ahead and publish balanced regional GVA, would you still like to have access to the unbalanced GVA (income) and GVA (production) estimates?

Yes

If so, please tell us what you would use these for.

While we do welcome balanced estimates of GVA, the GLA believes that the ONS should still continue to publish unbalanced GVA estimates in order to provide data users with the most complete picture of regional economies.

8. Are there any other things, such as supporting analyses or complementary/contextual information, that you would like us to publish alongside our regular regional GVA bulletin?

Alongside regional GVA per head, the GLA would like to see estimates for GVA per job. For a large urban area like London, which sees significant numbers of commuters, we would argue that GVA per job is a better measure of productivity and a more accurate reflection of the regional economy than a resident-based per head measure. This is particularly important at lower level geographies, such as the City of London. In addition, the GLA would like to see more disaggregated industry data to provide further insight into the sector composition of regional economies. For example, business services is a large part of the London economy, but the current regional GVA figures are unable to provide more insight into the type of activities in this sector.

9. Do you have any other comments to make about our proposals?

The GLA strongly supports having a single balanced estimate of regional GVA, as this is a statistic that features in much of our planning and forecasting work. While we are broadly satisfied with the methodology used, the GLA reiterates our calls for the ONS to improve the regional apportionment of financial services (although we are aware this is something they are currently working to achieve). In the interest of providing users with the fullest possible understanding of regional GVA, the GLA is in favour of balanced estimates being published alongside the existing unbalanced estimates. Finally, the GLA would like to take this opportunity to again reiterate our existing concerns regarding sub-national statistics, and asking the ONS to continue their work to improve the accuracy, scope, flexibility and timeliness of their publications.